

JOHN COOK  
MAYOR

Joyce Wilson  
CITY MANAGER

CARMEN ARRIETA-CANDELARIA  
CHIEF FINANCIAL OFFICER



CITY COUNCIL  
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SUSANNAH M. BYRD, DISTRICT 2  
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MELINA CASTRO, DISTRICT 4  
PRESI ORTEGA, JR., DISTRICT 5  
EDDIE HOLGUIN JR., DISTRICT 6  
STEVE ORTEGA, DISTRICT 7  
BETO O'ROURKE, DISTRICT 8

## FINANCIAL SERVICES DEPARTMENT

March 13, 2006

To: Joyce Wilson, City Manager  
Through: William Studer, Deputy City Manager *WJS*  
Carmen Arrieta-Candelaria, Chief Financial Officer  
From: Blanca B. Lorkowski, Treasury Services Manager *BBL*  
Subject: Quarterly Investment Report for the Period Ending February 28, 2006

Submitted for your review and acceptance is the City of El Paso second quarter investment report including documentation of investments held and evaluation of investment performance. The Investment Officers have complied with the Public Funds Investment Act, the City's Investment Policy, and adopted Investment Strategies. All funds were invested to meet cash flow requirements for operations, capital projects, and debt service payments.

During this quarter the City bid four investments. The investments were made to satisfy a portfolio diversity requirement and to take advantage of the superior yield in the market. All other cash available was placed into investment pools in order to satisfy liquidity and security. The five investment pools used by the City – TexStar, TexPool, Logic, Wells Fargo and MBIA – had an average yield of 4.287% for the quarter ended February 28, 2006.

The following is a summary comparison of selected information as of November 30, 2005 and February 28, 2006:

	2nd Quarter 2006 February 28, 2006	1st Quarter 2006 November 30, 2005
Principal Invested	\$192,615,070.92	\$92,290,743.93
Portfolio Book Value	\$191,655,235.16	\$92,289,335.60
Portfolio Fair Value	\$191,604,105.65	\$92,289,335.60
Weighted Average Maturity	165 Days	95 Days



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The yields on portfolio investments and representative market securities are:

	February 28, 2006
Investment Pools	4.287%
U. S. Agency Securities	4.370%
Average 3-month T-bill Rate	4.510%
Average 6-month T-bill Rate	4.580%
Average 6-month CD Rate	4.713%
City Average Portfolio Yield	4.733%

Attached are additional charts and tables portraying the City's portfolio and summarized reports of portfolio position required by the Texas Public Funds Investment Act.

The change in the average portfolio yield for the quarter was 101.6 basis points higher at the end of quarter compared to the beginning of the quarter. This increase is due to the increase in the yields of the investment market in general. The City's current average portfolio yield was higher than the 3-month T-bill rate over the same period by 22.3 basis points.

c: Mayor John Cook and Council Members  
City Clerk

ATTACHMENTS:

- Chart - City Portfolio by Investment Type
- Chart - Portfolio Maturity
- Chart - Treasury Benchmark Yield Analysis
- Chart - Portfolio Performance Comparison
- Report - Total Return
- Report - Texas Compliance Summary
- Report - Texas Compliance Details

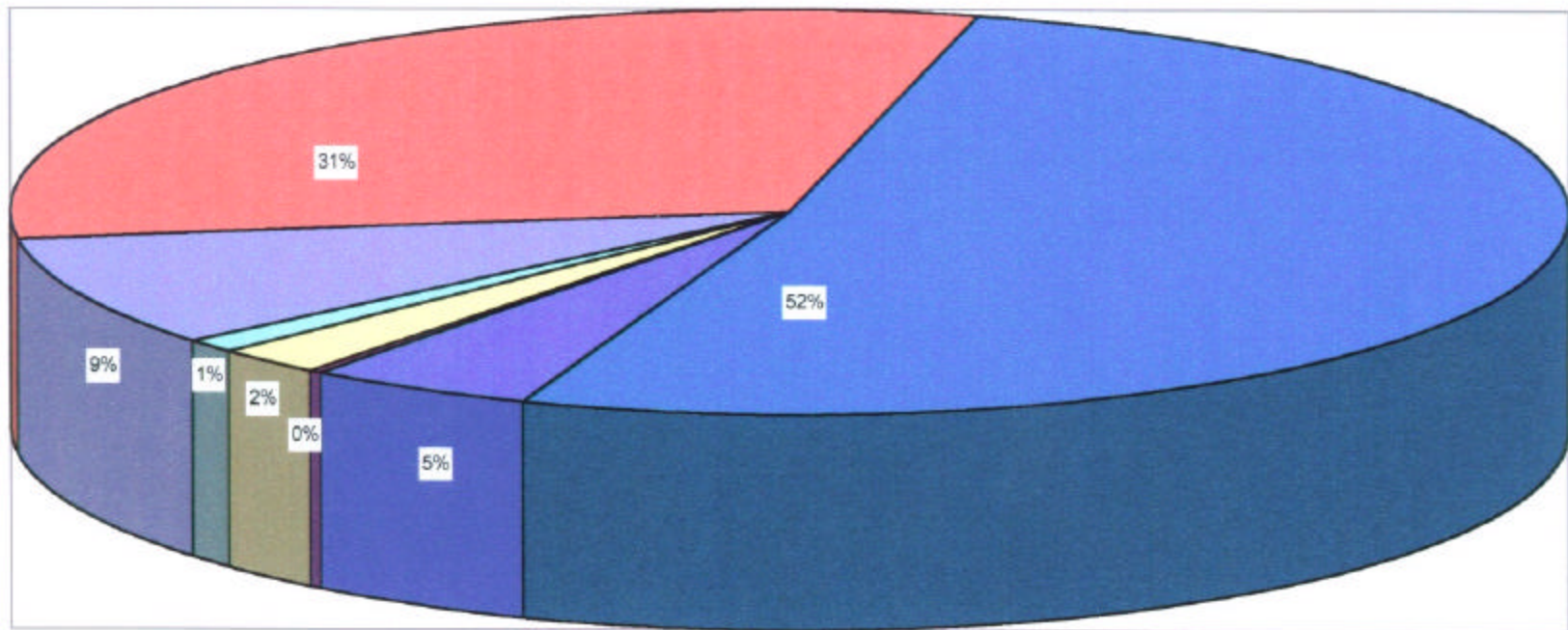
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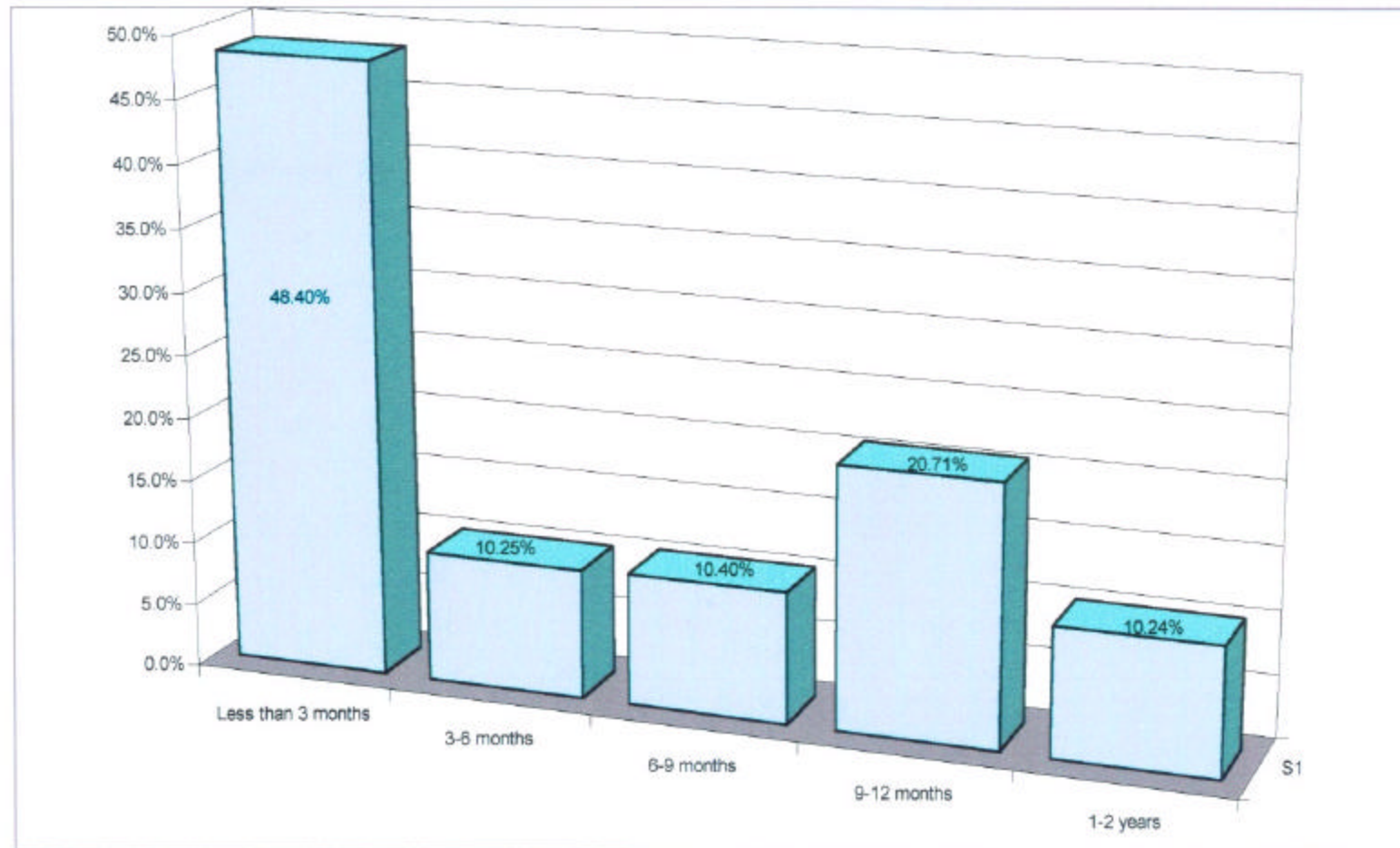
City Portfolio by Investment Type  
As of February 28, 2006



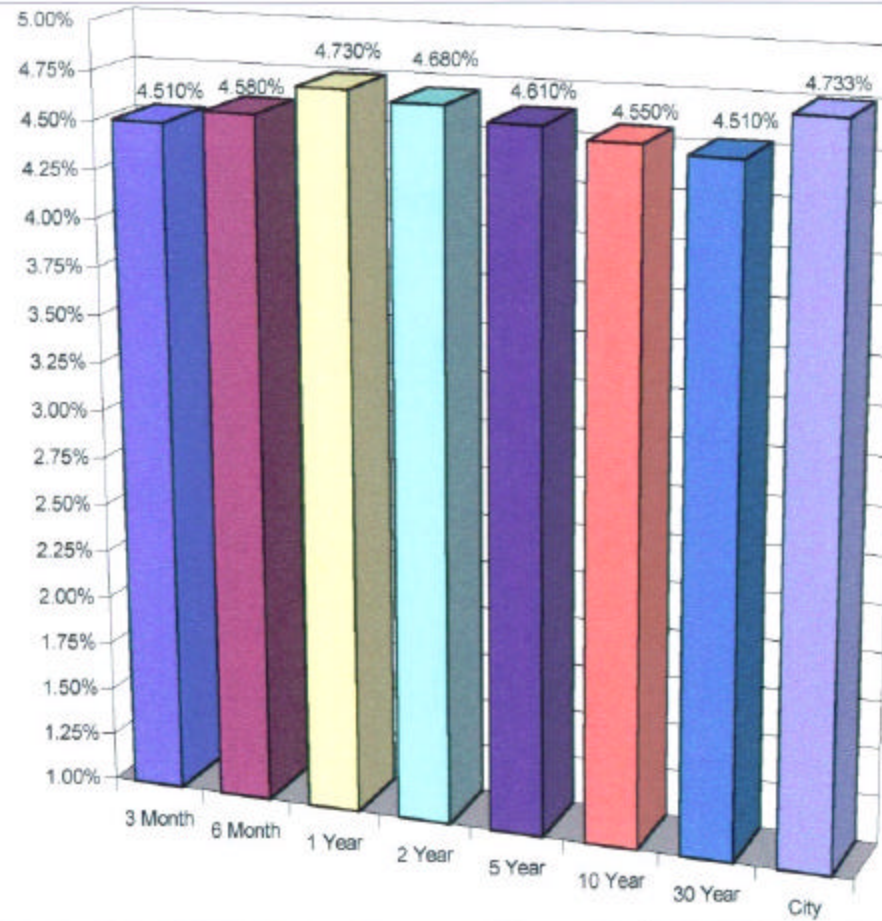
■ MBIA  
■ Wells Fargo-City  
■ Wells Fargo-PFC  
■ Logic Investment Pool  
■ Texpool Investment Pool  
■ Texstar Investment Pool  
■ Agency Notes



**Portfolio Maturity**  
**As of February 28, 2006**



**Treasury Benchmark Yield Analysis**  
**As of February 28, 2006**



Portfolio Performance Comparison for the Period February 2005 through February 2006







**City of El Paso**  
**Total Return**  
**December 1, 2005 - February 28, 2006**  
**Yield on Time Weighted Value**

										Investment Income		
CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Interest Earned	Adjustment In Value	Net Investment Income
Issuer: Federal Home Loan Bank												
3133X92A7	511000044	01	Amortized	5,000,000.00	5,000,000.00	5,000,000.00	11/09/2006	3.030	3.072	37,875.00	0.00	37,875.00
3128X4SJ1	511000045	01	Amortized	14,998,591.67	14,998,591.67	14,998,966.67	11/09/2006	4.540	4.614	170,265.00	375.00	170,640.00
3133X2941	511000046	01	Amortized	0.00	7,417,666.67	19,660,808.08	06/11/2007	4.663	6.368	90,659.44	25,808.08	116,477.52
			Subtotal	19,998,591.67	27,416,258.34	39,659,774.75			4.807	298,809.44	26,183.08	324,992.52
Issuer: Federal National Mortgage Assn												
313397ZUB	511000048	01	Amortized	0.00	3,693,155.56	9,819,555.56	07/26/2006	4.646	9.743	45,172.36	43,555.56	88,727.92
313397ZUB	511000049	01	Amortized	0.00	3,692,947.78	9,819,112.50	07/26/2006	4.658	9.768	45,286.11	43,662.50	88,948.61
31359MYS6	511000047	01	Amortized	0.00	15,003,973.33	39,741,721.43	02/28/2007	4.671	4.968	158,461.36	25,321.43	183,782.79
			Subtotal	0.00	22,390,076.67	59,380,389.49			6.547	248,919.83	112,539.49	361,459.32
Issuer: Logic Investment Pool												
746000749	5010000007	01	Amortized	2,117,377.91	2,147,149.43	2,155,097.48		4.286	4.282	22,672.28	0.00	22,672.28
	5010000008	01	Amortized	0.00	0.00	0.00				0.00	0.00	0.00
			Subtotal	2,117,377.91	2,147,149.43	2,155,097.48			4.282	22,672.28	0.00	22,672.28
Issuer: MUNICIPAL INVESTORS SVC CORP.												
TX0103050001	5010000007	01	Amortized	12,227,311.44	11,651,144.27	8,876,731.38		4.370	4.292	123,317.49	0.00	123,317.49
			Subtotal	12,227,311.44	11,651,144.27	8,876,731.38			4.292	123,317.49	0.00	123,317.49
Issuer: TEXPOOL Investment Pool												
071031111000	5020000007	01	Amortized	42,392,490.22	31,714,963.81	16,811,733.82		4.483	4.248	332,225.96	0.00	332,225.96
			Subtotal	42,392,490.22	31,714,963.81	16,811,733.82			4.248	332,225.96	0.00	332,225.96
Issuer: Texstar												
746000749	5030000007	01	Amortized	8,936,987.18	39,841,156.98	59,703,897.62		4.490	4.370	429,348.96	0.00	429,348.96
			Subtotal	8,936,987.18	39,841,156.98	59,703,897.62			4.370	429,348.96	0.00	429,348.96
Issuer: Vista Investment Pool												
608352	5060000007	01	Amortized	0.00	0.00	0.00		0.836		0.00	0.00	0.00
332150	5060000008	02	Amortized	0.00	0.00	0.00		2.350		0.00	0.00	0.00

City of El Paso  
Total Return  
December 1, 2005 - February 28, 2006

Page 2

CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
			Subtotal	0.00	0.00	0.00				0.00	0.00	0.00
Issuer: WELLS FARGO GOVERNMENT MMF INS												
12826111	506000010	01	Amortized	3,088,748.50	7,657,271.86	511,461.98		4.290	4.168	78,694.26	0.00	78,694.26
12828893	506000009	02	Amortized	3,527,828.68	4,195,357.90	4,556,148.64		4.290	4.147	42,902.56	0.00	42,902.56
			Subtotal	6,616,577.18	11,852,629.76	5,067,610.62			4.161	121,596.82	0.00	121,596.82
			Total	92,289,335.60	147,013,379.26	191,655,235.16			4.733	1,576,890.78	138,722.57	1,715,613.35
							Components of Return:	Interest:	4.350			
								Amortization:	0.383			
								Market Value:				





**City of El Paso**  
**Texas Compliance Summary**  
**Sorted by Investment Class**  
**December 1, 2005 - February 28, 2006**

City of El Paso

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Amortized Cost	Value beginning 12/01/2005	92,290,743.93	92,289,335.60	92,289,335.60	5,112,556.97
	Net Change	100,324,326.99	99,314,770.05	99,365,899.56	1,364,092.99
	Value ending 02/28/2006	192,615,070.92	191,604,105.65	191,655,235.16	6,476,649.96
<b>Total</b>	Value beginning 12/01/2005	92,290,743.93	92,289,335.60	92,289,335.60	5,112,556.97
	Net Change	100,324,326.99	99,314,770.05	99,365,899.56	1,364,092.99
	Value ending 02/28/2006	192,615,070.92	191,604,105.65	191,655,235.16	6,476,649.96



**City of El Paso**  
**Texas Compliance Details**  
**Sorted by Investment Class**  
**February 28, 2006**

City of El Paso

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: Amortized Cost</b>												
746000749	5010000007	01	Logic Investment Pool	PA1	2,155,097.48			4.286	100.000	08/31/1999	2,155,097.48	2,155,097.48
071031111000	5020000007	01	TEXPOOL Investment Pool	PA1	16,811,733.82			4.483	100.000	05/31/2000	16,811,733.82	16,811,733.82
746000749	5030000007	01	Texstar	PA1	59,703,897.62			4.490	100.000	02/29/2004	59,703,897.62	59,703,897.62
TX0103050001	5010000007	01	MUNICIPAL INVESTORS SVC CORP.	PA1	8,876,731.38			4.370	100.000	01/31/2004	8,876,731.38	8,876,731.38
12828893	5060000009	02	WELLS FARGO GOVERNMENT MMF INS	PA1	4,556,148.64			4.290	100.000	03/09/2005	4,556,148.64	4,556,148.64
12826111	5060000010	01	WELLS FARGO GOVERNMENT MMF INS	PA1	511,461.98			4.290	100.000	04/05/2005	511,461.98	511,461.98
313397ZUB	5110000048	01	Federal National Mortgage Assn	FAC	10,000,000.00	07/26/2006		4.646			9,819,555.56	9,819,555.56
313397ZUB	5110000049	01	Federal National Mortgage Assn	FAC	10,000,000.00	07/26/2006		4.658			9,819,112.50	9,819,112.50
3133X92A7	5100000044	01	Federal Home Loan Bank	FAC	5,000,000.00	11/09/2006		3.030			5,000,000.00	5,000,000.00
3128X4SJ1	5110000045	01	Federal Home Loan Bank	FAC	15,000,000.00	11/09/2006		4.540			14,998,966.67	14,998,966.67
31359MYS6	5110000047	01	Federal National Mortgage Assn	FAC	40,000,000.00	02/28/2007		4.671	99.291	01/26/2006	39,716,400.00	39,741,721.43
3133X2941	5110000046	01	Federal Home Loan Bank	FAC	20,000,000.00	06/11/2007		4.663	98.175	01/26/2006	19,636,000.00	19,660,808.08
				<b>Subtotal</b>	<b>192,615,070.92</b>						<b>191,604,105.65</b>	<b>191,655,235.16</b>
				<b>Total</b>	<b>192,615,070.92</b>						<b>191,604,105.65</b>	<b>191,655,235.16</b>